LEADERSHIP North Carolina Environment Session

The NC Brownfields Program

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NC Brownfields Program

Brownfields Property Reuse Act (BPRA)

- Enacted in 1997
- Not applicable to NPL sites or sites with contamination only from UST system.
- Does not effect State's ability to enforce against responsible party (RP)
- Available only to non-causative parties who:
 - desire to redevelop a brownfields property, and
 - did not cause or contribute to site contamination.



Brownfields...

Definition: "Abandoned, idled, or underused property where redevelopment is hindered by real or perceived environmental contamination."

- Offers pre-existing infrastructure
- Can be safely reused
- Reuse brings public benefit
- Cleanup liability can be defined
- Can compete with "greenfields"
- Offers viable investment opportunity



1996....

....Developer Finds an Opportunity

- Location is perfect
- Infrastructure is in place
- Property is abandoned
- Price is right, but...
- ...Site has Environmental Contamination!

Deal / Project is off!



The Public Policy QUESTIONS

- Why treat the prospective developer of an abandoned property like the site polluter?
- How can we protect the public and the environment without hindering the reuse of the site?



The Public Policy ANSWER

Brownfields Property Reuse Act of 1997 (BPRA)

- Program participation and benefits are only available to parties who did not cause or contribute to site contamination
- Program process ensures full protection of public health and the environment



Under BPRA We:

- Define the Actions Prospective Developers must take to make site safe for a specific intended reuse
 - Site Specific, Risk-Based Cleanups
 - Land Use Restrictions
- Provide Developer Covenant-not-to-sue once those actions are complete
- Ensure that the project has Public Benefit



Brownfields Process Summary

- Submit Brownfields Property Application (BPA)
- DENR Screens for Eligibility
- DENR Identifies Data Gaps
- PD Performs Assessment Work, as needed
- DENR/PD Evaluate Site Risks for Land Use
- Negotiate & Draft Brownfields Agreement
- Submit for 30-Day Public Comment Period
- Implement Brownfields Agreement



Eligibility Screening Criteria

- Redevelopment of an abandoned, idled, underutilized property
- Contamination hinders redevelopment
- The PD did not cause or contribute
- There is public benefit commensurate with liability relief provided
- PD has financial capability to conduct actions under the agreement
- BFA is at Secretary's discretion



Properties NOT Eligible

- Sites on EPA's National Priorities List (NPL Sites)
- Sites on which the only contamination came from UST system



How do we encourage non-responsible parties to cleanup?

- Recognize Sites for Possible Profit Opportunities
- Liability Protection (a brownfields agreement)
- Necessary Cleanups are "Risk-based" instead of to a given standard for a given contaminant
 - DENR lists necessary actions in brownfields agreement
 - liability protection contingent on completion of actions
- Local Property Tax Phased in over 5 years
 - Year 1 Assessed at 10% of improved value
 - Year 2 25%
 - Year 3 50%
 - Year 4 70%
 - Year 5 90%



Who Pays for What?

Private Sector

- All Assessment Costs
- All Cleanup Costs
- All Development Costs

State (Federal)

- Oversight of Private Sector work to ensure protection of Public Health and Environment
- ~ \$8-12K per site



Typical Brownfield Sites

- Textile Mills
- Automobile Service Stations
- Furniture Operations
- Machine Shops
- Dry Cleaners!
- Landfills
- Electroplaters
- Other Manufacturing
- MGP Sites

And what about USTs.....?



UST Sites

- Brownfields Program currently barred from addressing **UST-only sites**
- If Site has other contaminants in addition to UST, the Program can address the site
- BF Agreement refers UST issue to UST program



Brownfields Case Study - PILOT MILL

"Before" picture

- Abandoned Textile Mill operated 1890-1960
- Historic Architecturally
- Condemned by City vagrant "hangout" slated for demolition
- Value = \$200,000
- Cleanup Cost = \$1,000,000+ for groundwater



Pilot Mill, Raleigh, NC - Before





Brownfields Case Study - PILOT MILL

Brownfields Activities Conducted By Developer

- Reviewed Existing Groundwater Sampling Data
- Conducted Wide Ranging Soil Sampling
- Conducted Risk Assessment
- Capped Mercury Contaminated Areas
- Deed Restricted Land Use, Groundwater Use, and Certain Excavations.



Brownfields Case Study - PILOT MILL

"After" picture

- Restored Structure now a fully leased office complex
- Preserved Architecture On National Register of Historic Places
- Value = \$13.5 million or more
- Brownfield Assessment and Cleanup Cost = \$100,000
- Public Funds Spent = \$10,000



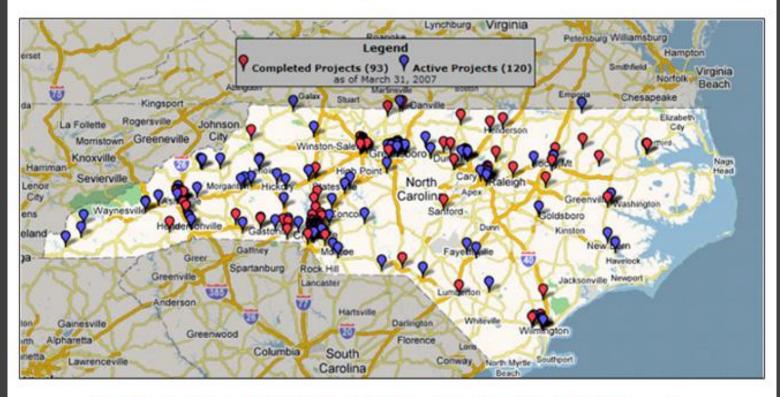
Pilot Mill, Raleigh, NC - After

Raleigh Charter School, and Offices





Brownfields Program Site Locations



Facilitated nearly \$2 billion in committed private investment



win, Win... WIN!

for DENR...

- Risk Reductions on Brownfield Properties
- Land Reuse is Smart Growth
- A brownfield reused = greenfield preserved... Sustainability

for Local Government...

- Increased tax base
- Job creation
- Quality of life benefits

for the Developer...

- Because liability is defined, uncertainty is reduced
- Redevelopment for profit



Brownfields Program Web Site

http://www.ncbrownfields.org/

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